

FISCAL NOTE

SB 1598 - HB 1760

March 14, 1997

SUMMARY OF BILL: Adds language relative to annexation:

- Provides that an existing municipality may not annex any part of a newly incorporated municipality;
- Provides that any municipality annexing territory that includes a state highway must assume 50% of the cost of maintaining such highway*;
- Prohibits any municipality other than one having a metropolitan form of government from strip annexing and fully defines strip annexing;
- Prohibits any municipality from accomplishing, through the cumulative effect of 2 or more ordinances over 5 years, any annexation which would be prohibited by law if accomplished through separate ordinances;
- Provides that when a municipality constructs new utility services that it shall charge existing customers and new customers on a proportionate basis for the infrastructure costs of providing such services and sets maximum tap fee at \$50 for new customers.

*Current Department of Transportation policy requires that an annexing municipality assume the cost of mowing, litter pickup, lighting and other maintenance items off the road. DOT provides maintenance to the road surface.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - Net Impact / Exceeds \$100,000 / Highway Fund / Over Time / Permissive

Increase Local Govt. Expenditures - Exceeds \$100,000 / Over Time / Permissive
Decrease Local Govt. Revenues - Exceeds \$100,000 / Over Time / Permissive

Other Impact - Local Govt. Expenditures / Cost Avoidance / Exceeds \$100,000 Over Time / Permissive

- Local Govt. Revenues / Forgo Revenues / Exceeds \$100,000 Over Time / Permissive

Assumes that, to the extent that annexations occur that impact territories that contain state highways, that there would be a decrease in state expenditures of the Highway Fund, since the municipality would be required to assume 50% of the cost of maintaining such highway. Such decrease is estimated to exceed \$100,000 if several such annexations occur.

Also assumes an increase in local government expenditures exceeding \$100,000 to the extent that several annexations occur impacting territories with state highways.

Assumes that, to the extent that several local governments construct new utility services and charge a \$50 tap fee, there will be a decrease in such local government revenue exceeding \$100,000 since tap fees can be as much as \$1,000 per customer.

To the extent that annexations do not take place that would have taken place in the absence of this bill, local governments could experience both foregone revenues and avoided costs.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director